

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2365 - SB 2856

February 19, 2022

SUMMARY OF BILL: Authorizes a child under 24 years of age to receive a 25 percent discount on tuition to any state institution of higher education if the child's parent is a full-time educational employee in any public school in Tennessee.

FISCAL IMPACT:

Increase State Expenditures – \$836,800/FY22-23/General Fund

**Decrease State Revenue – \$397,700/FY23-24 and Subsequent Years/
Locally Governed Institutions
\$68,300/FY23-24 and Subsequent Years/
Tennessee Board of Regents
\$370,900/FY23-24 and Subsequent Years/
University of Tennessee System**

Assumptions:

- Pursuant to Tenn. Code Ann. § 49-7-119(a)(1)(A) full time certified teachers' children under 24 years of age currently receive a such discount.
- Based on information provided by the Tennessee Higher Education Commission, fulltime enrollment (FTE) use of the waiver is equivalent to an average of four classes.
- Based on information provided by the Department of Education:
 - Full time educational employees will be defined as the current 4,342 instructional leaders for purposes of this fiscal note.
 - There are an estimated 68,838 fulltime teachers.

Assumptions relative to Locally Governed Institutions:

- There were an estimated 6,527 FTE waivers issued in FY29-20 from locally governed institutions (LGIs) for children of fulltime teachers.
- At 4 classes per FTE, this represents utilization rate of approximately 38 percent $[(6,527 \times 4) / 68,838]$ of the total number of fulltime teachers.
- The average course discount is estimated to be \$241 each.
- Applying the same utilization percentage to the children of full-time educational employees as fulltime teachers, it is estimated that an additional 1,650 $(4,342 \times 38\%)$ waivers will be issued.

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- The total amount of discounts is estimated to be \$397,650 (1,650 course waivers x \$241) for LGIs.

Assumptions relative to Tennessee Board of Regents:

- There were an estimated 2,032 FTE waivers issued in FY19-20 from a college under the Tennessee Board of Regents (TBR) for children of fulltime teachers.
- At 4 classes per FTE, this represents utilization rate of approximately 12 percent $[(2,032 \times 4) / 68,838]$ of the total number of fulltime teachers.
- The average course discount is estimated to be \$131 each.
- Applying the same utilization percentage to the children of full-time educational employees as fulltime teachers it is estimated that an additional 521 (4,342 x 12%) waivers will be issued.
- The total amount of discounts is estimated to be \$68,251 (521 course waivers x \$131) for TBR.

Assumptions relative to University of Tennessee System:

- There were an estimated 4,800 FTE waivers issued in FY19-20 from the University of Tennessee (UT) for children of fulltime teachers.
- At 4 classes per FTE, this represents utilization rate of approximately 28 percent $[(4,800 \times 4) / 68,838]$ of the total number of fulltime teachers.
- The average course discount is estimated to be \$305 each.
- Applying the same utilization percentage to the children of full-time educational employees as fulltime teachers it is estimated that an additional 1,216 (4,342 x 28%) waivers will be issued.
- The total amount of discounts is estimated to be \$370,880 (1,216 course waivers x \$305) for UT.

Total Impact Assumptions:

- Public Chapter 120 of the 112th Tennessee General Assembly (PC 120) declared legislation enacted after January 1, 2021, that mandates a discount or waiver of tuition or fees at public institutions of higher education, unenforceable against the institution affected in any fiscal year the General Assembly fails to appropriate a sum sufficient to fully fund the program. PC 120 only applies for the duration of the 112th General Assembly.
- The estimated increase to state expenditures from the General Fund for the inclusion of full-time educational employees' children is \$836,781 (\$397,650 LGI + \$68,251 TBR + \$370,880 UT) at each public institution of higher education in FY22-23.
- The net impact to public institutions of higher education will be not significant in FY22-23.
- Any reimbursement to institutions in subsequent years is subject to appropriation by the General Assembly and cannot be reasonably determined.
- Based on information provided by the Tennessee Higher Education Commission, these discounts would continue regardless of reimbursement.
- The total decrease in state revenue in each FY23-24 and subsequent years is as follows: \$397,650 LGI; \$68,251 TBR; \$370,880 UT.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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